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**U.S. CONVICTS TWO FOREIGN SHIPPING COMPANIES, SHIP'S
CAPTAIN, AND THREE CREW MEMBERS OF CONSPIRACY,
OBSTRUCTION OF JUSTICE, PERJURY AND MAKING
FALSE STATEMENTS IN CONNECTION WITH ILLEGAL DUMPING**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, ERIC O'HEARN, Resident Agent in Charge of the New York office of the United States Coast Guard Investigative Service, and WILLIAM LOMETTI, Special Agent in Charge of the New York area office of the United States Environmental Protection Agency, Criminal Investigation Division, announced today that FAIRDEAL GROUP MANAGEMENT SA and FAIR VOYAGER MARITIME SA - the Greek operator and Liberian owner, respectively, of an oil tanker known as the M/T Fair Voyager (the "Fair Voyager") - waived indictment and pleaded guilty today to a six-count criminal Information charging them with engaging in various illegal acts to conceal the dumping of tons of sludge and oil-contaminated bilge water into international waters and to obstruct a subsequent federal investigation. The Information

also charged the defendants with falsely representing to the Coast Guard that the Fair Voyager had been tested for the presence of explosive gasoline vapors just prior to the ship's entry into New York Harbor.

Pursuant to a plea agreement between the parties that recommended a specific sentence for the corporate defendants, United States District Judge LORETTA A. PRESKA sentenced the defendants immediately after the entry of their guilty pleas. Judge Preska ordered the defendants to pay a fine of \$1,050,000 and to engage in community service by donating \$450,000 to the National Fish and Wildlife Foundation. Judge Preska also imposed a four-year term of probation, during which time the defendants will be required to implement an environmental management system and compliance plan under the supervision of a court-appointed monitor.

The Information identifies the Fair Voyager as a 50,600 gross-ton, 598-foot Liberian-registered oil tanker that is owned by FAIR VOYAGER MARITIME SA, operated by FAIRDEAL GROUP MANAGEMENT SA, and staffed by a crew of approximately twenty-nine individuals. According to the Information, the operations of the Fair Voyager produced various waste products, including sludge from the purification of heavy fuel oil to run the ship, and engine room waste oils that regularly accumulated, along with water and other liquids, in the lowermost compartments of the

ship (commonly known as the "bilges"). Consistent with international treaties, the Fair Voyager was equipped with storage tanks into which sludge could be collected until such time as it could be incinerated in one of the ship's boilers or offloaded to a shore or barge disposal facility. Likewise, the ship was equipped with a device commonly known as an "Oily Water Separator," which was designed to purify oil-contaminated bilge water so that the purified water could be discharged directly into the sea while the waste oil removed from the water could be stored in storage tanks for later disposal.

The Information charges that, notwithstanding this storage and disposal equipment, the crew of the Fair Voyager, acting at the direction of the ship's Chief Engineer, dumped as much as approximately 60 tons of sludge and as much as approximately 40 tons of oil-contaminated bilge water directly into the sea between on or about April 21, 2004 and on or about November 20, 2004. According to the Information, the crew accomplished this task by attaching a "bypass pipe" to the bilge piping system for the purpose of permitting sludge and oil-contaminated bilge water to bypass the ship's disposal and storage equipment and flow directly into the sea. The Information charges that this bypass pipe was typically removed and hidden shortly before the Fair Voyager entered any port and reinstalled shortly after the Fair Voyager exited port. The

Information further charges that during the period of the dumping, the Chief Engineer of the Fair Voyager attempted to obscure the illegal dumping by falsifying the Fair Voyager's Oil Record Book - a legally required record of the generation and disposal of waste products like sludge and oil-contaminated bilge water.

According to the Information, on or about November 21, 2004, the Fair Voyager arrived in New York Harbor from Algeciras, Spain with a cargo of approximately 36,000 metric tons of gasoline. Upon the Fair Voyager's arrival in New York Harbor, Coast Guard inspectors discovered the hidden bypass pipe and commenced an investigation. In the moments and days thereafter, the Information charges, the crew of the Fair Voyager engaged in various illegal acts intended to obstruct that investigation.

The Information charges, for example, that shortly after the bypass pipe was discovered by the Coast Guard, several members of the crew, acting at the direction of the Chief Engineer, absconded with the pipe to the Fair Voyager's machine shop and unsuccessfully attempted to bend it in an effort to obscure its purpose. The Information further charges that, later that day, the Chief Engineer and other members of the Fair Voyager's crew deliberately made false statements to special agents from the Coast Guard Investigative Service and the Environmental Protection Agency's Criminal Investigation Division

who had been called in to conduct interviews.

The Information charges that in the days immediately following the Coast Guard's discovery of the bypass pipe, the Chief Engineer convened at least two meetings of the Fair Voyager's engine room crew and directed the engine room crew to lie to federal investigators by denying that the bypass pipe had ever been used. According to the Information, the Chief Engineer repeated these instructions to individual members of the engine room crew during the ensuing weeks. The Information further charges that several of the engine room crew met amongst themselves and agreed to, and subsequently did, lie to the grand jury that investigated the above-described events. On March 30, 2005, three of those individuals pleaded guilty to conspiring to provide false testimony to the grand jury. They await sentencing by United States District Judge KIMBA M. WOOD.

In addition to the foregoing, the Information also states that on or about November 18, 2004, as the Fair Voyager was approaching New York Harbor, the ship's Captain completed and submitted to the Coast Guard a form requesting permission for the Fair Voyager to offload its cargo in New York Harbor. The Information charges that the Captain falsely stated in this form that the ship's crew had performed a routine test that day to determine whether any explosive gasoline vapors had leaked from the ship's cargo hold. The Information charges that even though

no test had been performed, the Captain reported to the Coast Guard that the results of the test showed that no explosive vapors were present. According to the Information, when the Fair Voyager arrived in New York Harbor several days later, the Coast Guard discovered that gasoline vapors were present in quantities sufficient to cause the ship to explode. The Coast Guard ordered the Fair Voyager to leave the harbor and anchor offshore until the vapors dissipated. As a result of this conduct, on April 8, 2005, the Captain pleaded guilty to one count of making a material false statement to the Coast Guard. He awaits sentencing by United States District Judge WILLIAM H. PAULEY.

Based on the actions of the crew of the Fair Voyager, FAIRDEAL GROUP MANAGEMENT SA and FAIR VOYAGER MARITIME SA pleaded guilty today to committing each of six offenses charged in the Information. In connection with the crew's dumping of oily waste products and its subsequent attempts at concealment, the defendants pleaded guilty to one count of conspiracy, one count of violating the Act to Prevent Pollution from Ships, two counts of making false statements to federal authorities, and one count of obstruction of justice. The defendants also pleaded guilty to one count of making a false statement to the Coast Guard in connection with the Captain's false statement concerning the performance of the test for explosive vapors. The charges each carried a maximum fine of \$500,000.

Mr. KELLEY praised the investigative efforts and cooperation of United States Coast Guard and the United States Environmental Protection Agency.

Assistant United States Attorneys MICHAEL A. LEVY and JILLIAN B. BERMAN are in charge of the prosecution.

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